

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

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SOUTHERN CALIFORNIA EDISON COMPANY)	FE DOCKET NO. 92-131-NG
)	
_____)	

ORDER GRANTING LONG-TERM AUTHORIZATION TO
IMPORT NATURAL GAS FROM CANADA

	DOE/FE ORDER NO. 721

	NOVEMBER 13, 1992

II. DESCRIPTION OF REQUEST

On October 29, 1992, Southern California Edison Company (Edison) filed an application with the Office of Fossil Energy of the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA)¹, as amended by Section 201 of the Energy Policy Act of 1992, requesting long-term authorization to import up to 224,400 Mcf of Canadian natural gas per day, for a total of up to 1,228.6 Bcf over a 15-year term beginning on the later of November 1, 1993, or the date that all necessary firm transportation is available. Edison, a California corporation with its headquarters in Rosemead, California, is the second largest utility in the United States and provides electric service to customers in central and southern California. The imported gas would enter the United States near Kingsgate, British Columbia and be delivered to Edison through the expanded pipeline facilities of Pacific Gas Transmission Company (PGT) and Pacific Gas & Electric Company (PG&E) which are under construction.²

1 15 U.S.C. 717b.

2 DOE has examined the environmental impact of constructing the PGT/PG&E expansion facilities and, in a Record of Decision issued on May 19, 1992 (57 FR 21784, May 22, 1992), determined that these facilities would be environmentally acceptable if they are constructed and operated in accordance with the environmental conditions contained in the certificates issued by Federal Energy Regulatory Commission and the California Public Utilities Commission, which authorized construction of PGT's and PG&E's incremental facilities. See Pacific Gas Transmission Company,

56 FERC 61,192 (August 1, 1991). The environmental impacts discussed in the ROD have not changed and this Opinion and Order incorporates DOE's findings.

Edison has entered into a natural gas purchase agreement dated December 18, 1990, with each of AEC Oil and Gas Company (AEC), Imperial Oil Resources Limited (Imperial), Western Gas Marketing Limited (WGML) and Shell Canada Limited (Shell). Edison's contract with Shell provides for a maximum daily quantity (MDQ) of 51,738 MMBtu's (approximately 51,000 Mcf), plus additional volumes for transmission fuel gas. The AEC, Imperial, and WGML contracts have identical MDQ's of 52,565 MMBtu's (approximately 51,800 Mcf), plus transmission fuel. The price for gas in each of the four contracts covers two different tiers of purchase volumes, the "base quantity" and the "additional quantity." The pricing structure for the base quantity contains a commodity charge component only which is established with reference to the cost of alternate supplies of gas available in Edison's market. Under the SEC, Imperial, and WGML contracts, the additional quantity price is negotiated prior to the start of each contract year. The Shell contract establishes a fixed price for the additional quantities at 90 percent of the price paid for base quantities in any year. If Edison takes less than the full base quantity in each of the contracts in any month, then it must make a deficiency payment.

II. FINDING

The application filed by Edison has been evaluated to determine if the proposed import arrangement meets the public interest requirements of section 3 of the NGA, as amended by section 201 of the Energy Policy Act of 1992 (P.L. 102-486).

Under section 3(c), the importation of natural gas from a nation with which there is in effect a free trade agreement requiring national treatment for trade in natural gas is deemed to be consistent with the public interest and must be granted without modification or delay. The authorization sought by Edison to import natural gas from Canada, a nation with which a free trade agreement is in effect, meets the section 3(c) criterion and is therefore consistent with the public interest.

ORDER

For the reasons set forth above, under section 3 of the Natural Gas Act, it is ordered that:

A. Southern California Edison Company (Edison) is authorized to import at Kingsgate, British Columbia up to 224,400 Mcf of Canadian natural gas per day, for a total of 41,228.6 Bcf, over a period of 15 years beginning on the later of November 1, 1993, or the date that all necessary firm transportation is available on the pipeline facilities of Pacific Gas Transmission Company and Pacific Gas & Electric Company. This gas shall be imported under the pricing and other provisions of Edison's gas purchase contract dated December 18, 1990, with AEC Oil and Gas Company, Imperial Oil Resources Limited, Western Gas Marketing Limited, and Shell Canada Limited, as described in the application and discussed in this Opinion and Order.

B. Within two weeks after deliveries begin, Edison shall notify the Office of Fuels Programs, Fossil Energy, Room 3F-056, Forrestal Building, 1000 Independence Avenue, S.W., Washington,

D.C. 20585, in writing of the date that the first import delivery of natural gas authorized in Ordering Paragraph A above occurred.

C. With respect to the natural gas imports authorized by this Order, Edison shall file with the Office of Fuels Programs, within 30 days following each calendar quarter, quarterly reports indicating whether imports of natural gas have been made. If no imports have been made, a report of "no activity" for that calendar quarter must be filed. If imports occur, Edison must report total monthly volumes in Mcf and the average purchase price per MMBtu delivered at the international border under each of Edison's four supply contracts. The monthly price information shall itemize separately any deficiency charge that Edison pays.

D. The first quarterly report required by Ordering Paragraph C of this Order is due not later than January 30, 1993, and should cover the period from the date of this order until the end of the current calendar quarter December 31, 1992.

Issued in Washington, D.C., on November 13, 1992.

Charles F. Vacek
Deputy Assistant Secretary
for Fuels Programs
Office of Fossil Energy